

**REPORT OF THE AUDIT OF THE
OLDHAM COUNTY
CLERK**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable John W. Black, County Judge/Executive
Honorable Ann B. Brown, Oldham County Clerk
Members of the Oldham County Fiscal Court

The enclosed report prepared by Stephens & Lawson, P.S.C., Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Oldham County, Kentucky, for the year ended December 31, 2001.

We engaged Stephens & Lawson, P.S.C., to perform the financial audit of this statement. We worked closely with the firm during our report review process; Stephens & Lawson, P.S.C., evaluated the Oldham County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

OLDHAM COUNTY ANN B. BROWN, COUNTY CLERK CALENDAR YEAR 2001 FEE AUDIT

The Oldham County Clerk's 2001 fee audit was contracted to Stephens & Lawson, PSC through a request for proposal (RFP). We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$108,063 from the prior calendar year, resulting in a cash surplus of \$262,838 as of December 31, 2001. Receipts increased by \$1,202,664 from the prior year and disbursements increased by \$1,094,601.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

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OLDHAM COUNTY
ANN B. BROWN, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

RECEIPTS

State Fees For Services		\$	19,122
Fiscal Court			2,250
Licenses and Taxes:			
Motor Vehicle -			
Licenses and Transfers	\$	1,027,349	
Usage Tax		6,367,355	
Tangible Personal Property Tax		4,303,346	
Licenses -			
Marriage		8,172	
Deed Transfer Tax		351,058	
Delinquent Tax		<u>353,473</u>	12,410,753
Fees Collected For Services:			
Recordings -			
Deeds, Easements, and Contracts	\$	41,450	
Real Estate Mortgages		178,990	
Chattel Mortgages		103,501	
Wills and Estates		832	
Releases		61,700	
Liens		7,583	
Fixture Filings		1,006	
Leases		70	
All Other Recordings		30,978	
Charges for Other Services -			
Copywork		21,412	
Lien Releases		7,164	
Notary Fees		<u>10,161</u>	464,847
Other:			
Miscellaneous	\$	8,345	
Refunds		<u>54,513</u>	62,858
Interest Earned			<u>11,958</u>
TOTAL RECEIPTS		\$	12,971,788

The accompanying notes are an integral part of the financial statement.

OLDHAM COUNTY
ANN B. BROWN, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

DISBURSEMENTS

Payments to State:

Motor Vehicle -

Licenses and Transfers	\$	786,044	
Usage Tax		6,165,573	
Tangible Personal Property Tax		1,533,114	

Licenses -

Delinquent Tax		41,794	
Legal Process Tax		47,154	
Candidate Filing Fees		750	

\$ 8,574,429

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	344,659	
Delinquent Tax		28,318	
Deed Transfer Tax		333,505	

706,482

Payments to Other Districts:

Tangible Personal Property Tax	\$	2,251,239	
Delinquent Tax		197,751	

2,448,990

Payments to Sheriff

2,626

Payments to County Attorney

56,765

Operating Disbursements and Capital Outlay:

Personnel Services -

Deputies Salaries	\$	462,740	
Training Benefit		1,436	

Employee Benefits -

Employer's Share Social Security		38,419	
Employer's Share Retirement		35,030	
Employer's Paid Health Insurance		51,880	

Contracted Services -

Maintenance		5,967	
Microfilming		86,240	

Materials and Supplies -

Office Supplies		37,022	
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Other Charges -

Bank Charges		41	
Conventions and Travel		5,325	
Insurance and Bonds		986	
Miscellaneous		859	
Postage		12,000	
Refunds		72,937	

The accompanying notes are an integral part of the financial statement.

OLDHAM COUNTY
ANN B. BROWN, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

DISBURSEMENTS (Continued)

Capital Outlay - Office Equipment	<u>\$ 35,112</u>	\$ 845,994	
Total Disbursements			<u>12,635,286</u>
Net Receipts		\$ 336,502	
Less: Statutory Maximum		<u>70,064</u>	
Excess Fees		\$ 266,438	
Less: Expense Allowance		<u>3,600</u>	
Excess Fees Due County for Calendar Year 2001		\$ 262,838	
Payment to County Treasurer - March 4, 2002		<u>262,270</u>	
BALANCE DUE AT COMPLETION OF AUDIT			<u><u>\$ 568</u></u>

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 – EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

NOTE 3 - DEPOSITS

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

NOTE 4 - MECHANICS LIEN BOND ESCROW ACCOUNT

The County Clerk maintains two escrow accounts as bond for the release of a mechanic's and material-man's lien. The escrow balance including interest earned is \$22,885 as of December 31, 2001.

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

